

For Director's speech

THE WORLD SITUATION

I. History of mankind is full of conflicts between rival camps, with empires, cultures, or continents as the prize.

A. When tiny band of Greeks stood shoulder to shoulder against hordes of Persia in the narrow pass of Thermopylae some 2,500 years ago, they were well aware that civilization as they knew it hung in balance. They died at the Fiery Gate -- not merely to defend the sunburned hills of Greece from an invader -- but to preserve a way of life. When victory came later on broad plains of Marathon and last Persian was driven from the soil of Greece, survivors must have faced the future with relief, "for surely" -- they must have thought -- "the last great world war has now become history."

B. But it was not true then, nor was it true later when Charles Martel halted the advance of the Moslems in the West at Tours in 732, nor when Don John of Austria won at Lepanto in 1571, nor when the Turks were turned back from the gates of Vienna in 1683. For it is message of history that conflict and struggle are as inevitable as life and death itself. Mankind has continued to witness rise of new world powers, only to see each collapse in turn before a younger rival or coalition of powers.

C. Students of history like philosopher Hegel or historian Spengler have concluded that struggle is one inescapable reality in history.

D. It would be our undoing, however, if in our present situation, we were to see in Soviet challenge nothing but one more empire struggling

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for its place in the sun. This so-called "cold war" is not cast in familiar pattern -- conflict of the British Empire with Spanish Empire in days of the first Queen Elizabeth or rivalry of German and English commercial empires in our own century. We face something new, and something more far-reaching in its consequences than anything that history has yet recorded.

II. Struggle before us differs from great contests of history in both scope and kind.

A. In the first place, we are not engaged merely in a struggle over land. If this were all that was at stake, solution to our problem would be simple: match military power of Soviets with certainty of massive and overwhelming retaliation.

B. Neither are we confronted merely with a rise of nationalistic fervor as in the past. Civilized world has learned how to deal with Pan-Germanism, and although the Soviet Union plays upon national aspirations of any group to gain its own ends -- witness its promotion of Pan-Arab nationalists -- sole battlefield of current struggle does not lie here.

C. Nor can issues of struggle be reduced to simple economic terms. Classical Bolshevik economic concepts have given way to financial and industrial techniques that would be incomprehensible to orthodox Marxian of a generation ago. This is not a struggle in which industrial capacity or wealth of natural resources alone will determine the victor. We cannot buy or build our way out of this one.

D. If issues of the cold war cannot be expressed solely in

^{mi}litary, political, or economic terms, how then are we to define them?

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We must begin by recognizing the fact that the Soviet challenge is total. It involves every phase of Western civilization from religion and philosophy to science and education. We are faced by a new kind of enemy. All Western civilization has in common concepts of what is right and wrong, true and false, free and slave. When we communicate with one another, we make progress because we have common foundations on which to build.

E. In Soviet Union, we are faced with an aggressive rival who has rejected not only our political and economic systems but also very definitions of truth, justice, and morality which have been held by all civilized peoples.

As a result, it is almost impossible to communicate -- say nothing about negotiate or conclude anything -- with a Communist. How can one reason in a spirit of good will and mutual compromise with one to who calls reconquest of Hungary "liberation?"

Make no mistake about it -- Soviet challenge is total. Our antagonist is on fire with a messianic missionary zeal. He is out to control the world -- not only our cities and lands, but our minds as well. Time and time again he has promised that when he is victorious, he will remake us in his own image.

III. 1957 Added New Dimensions to Historical Perspective.

A. Soviet first in Satellite-ICBM tests which, though followed shortly by our own, had great psychological impact. Shook image of US superiority and created fears we no longer as able defend our allies. Some consider nuclear stalemate now reached because for first

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time can see Soviet Union able to launch critical blow at US Bastion. Problems for NATO -- some members want looser ties to prevent their embroilment at US initiative. Some want tighter ties to prevent US slipping out of local situations.

B. Khrushchev's consolidation of his leadership and embarkation on further domestic innovations (industrial reorganizations, abolition of MTS) designed to strengthen Soviet state. While are problems -- in the raw materials field, resistance to Khrushchev innovations on part of some -- the domestic Soviet situation seem improved and holds prospects for additional improvement.

C. Soviet achievement of degree of stabilization in E. Europe (contrast to end of 1956), though underlying ferment still apparent (e.g. E. Germany) and now Soviet-Yugoslav relations seem to have taken sharp downturn.

D. Continued Soviet wooing of uncommitted and less developed areas -- with particular success in Middle East. Is putting severe strain on western oriented states -- example Lebanon -- which are apparently losing out on considerable material aid for their orientation. Events in 1957 tended to strengthen the growing concept in some of these areas that the Soviet Union is the new political champion and example of material progress.

E. New crises in Afro-Asian world -- Indonesia, Algeria -- (which Commies are exploiting). Here as well as in Equatorial Africa, the Soviet Union strengthened the impression that the US stands for the existing order while the Soviet Union espouses and aids the nationalist

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aspirations of the native population.

F. Dramatic Soviet initiatives in fields disarmament (test ban) and in seeking Summit talks, designed to capitalize on above developments and further weaken position of West. Some indications Soviets now feel they have overestimated their ability to appeal to western public opinion, but so far these straws in the winds.

G. US recession gives Soviet Union an "unearned run." Free World is worried enough about it without considering cold war and Soviet leaders and propagandists don't let any one forget it. Constantly quoting statements of US business and labor leaders, news media and government officials re status of US economy. General theme: it is not necessary to stick with sinking ship when rescue vessel is at hand.

IV. At present, mood of Soviet leaders one of confidence. They think they well on road to realizing Khrushchev's boast that "we will bury you."

A. In secret speeches at 40th Anniversary celebration in Moscow, both Mao and Khrushchev took line that if peace could be preserved for 10-15 years Bloc could overtake and outstrip the West and position Socialist camp would be unassailable.

B. Some basis for this confidence -- not only in scientific and political successes I have mentioned but in striking growth of Soviet economy. Equally important, in perceptible shift in world attitudes as to respective strengths of US and USSR.

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C. Is crucial for our own policy that we recognize true nature of this threat -- it does not, so long as mutual deterrence is maintained, arise primarily from general war or even local aggression but from the politico-economic subversive techniques employed by Moscow since the Revolution, and with especial skill and flexibility since Stalin's death.

D. Along with growth of Soviet nuclear capabilities are signs of growing realization that technological revolution in modern warfare makes general war far too dangerous. Breakthrough on anti ICBM system could be next target. Effect of such success on international affairs will equal US monopoly nuclear weapons.

E. While USSR determined to maintain strong military posture against any eventuality, nuclear statements well understood in Moscow. Many indications of this. In last weeks Soviet leaders publicly admit nuclear war leads to possible world devastation -- Malenkov was chastised for such a statement in 1953.

F. New generation of Soviet leaders probably argue why jeopardize 40 years of Socialist construction when we are well on way to overtaking outworn capitalist system and when current politico-economic tactics promise such success.

As Mikoyan said "last two world wars cost us three five-year plans."

These leaders also seem to recognize how Stalin's foreign policies were counterproductive (e.g. Berlin and Korea) and at any rate too risky in nuclear age.

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V. From this reasoning has sprung the "peaceful co-existence policy," aimed at:

A. Buying time for continued forced draft growth of Soviet economy. In 1958 Soviet investment in industry will equal that of US, growth running at double US rate.

B. Creating new opportunities for diplomatic maneuver and politico-economic penetration aimed at undermining position of the West and in long-run building international Communism. (Mr. Dillion will discuss this with you.)

C. Playing down image of an aggressive USSR as an aid to these maneuvers.

VI. Soviets laying particular stress on underdeveloped and uncommitted areas ("Achilles' heel" of West) through both:

A. An expanding trade and aid campaign which, though still small by US standards, now totals some \$2 billion in credits and grants, over \$560 million of these since mid-1957.

B. Accelerated efforts to develop diplomatic and cultural relations, exploit anti-colonial and neutralist sentiments, and lay groundwork for subversive penetration. Indonesia a good case in point.

VII. Simultaneously, a major diplomatic and propaganda offensive--keyed to pressures for a Summit Conference and nuclear disarmament -- aimed at:

A. Creating a climate of detente without actual agreements, which would hamstring Western use of nuclear weapons and undermine rationale for US overseas bases.

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B. Growing Soviet emphasis on disarmament measures not solely an offensive move, but also reflects concern over reducing risks of nuclear war.

VIII. Though I have stressed so-called peaceful means, Soviets won't neglect threats, intimidation, perhaps even blackmail where gains seem to outweigh risks.

A. Can expect them to be firm, even bellicose in crisis situation. They may even regard West as less willing stand up in a crisis as result of growing Soviet nuclear strength.

B. Soviets reluctant to run risks of miscalculation inherent in overt local aggression. Also would seriously compromise "peaceful coexistence" posture they have done so much to develop.

C. While US must have adequate capability meet Bloc local aggression so as to insure it won't happen, we far more likely to be faced with situations like coup d'etat, civil wars as in Indonesia, or third party squabbles (e.g. Arab-Israeli conflict) which Bloc has either fomented or can exploit without open intervention.

Interesting that in last two crises (Suez and Syria) Moscow must have looked upon West as resorting or about to resort to local military action to offset "peaceful" Soviet gains.

IX. Bloc too has its vulnerable areas where it fears Western pressures.

A. Soviets appear highly nervous about underlying instability their position in Eastern Europe.

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1. This partly accounts for their seeking implicit Western recognition "status quo" this area, their rigidity on German reunification, the Rapacki Plan to deny Bonn nuclear weapons, etc.

2. Much we can do to encourage ferment in EE, but no easy or quick solution. Moreover, don't want prematurely trigger Soviet reaction and nip promising developments in bud.

B. Also Moscow probably nervous over growing strength and prestige Communist China in Asia.

1. Any basic US security policy must give growing weight to this factor, and so must Soviets.

2. Chinese Revolution still young. Back where USSR was 25 years ago.

3. But it profiting from Soviet aid and experience and trying to avoid Soviet mistakes.

4. Will be long time before CC strength approaches USSR's. China has smaller resources base and acute population problem (about 640 million now and rate of increase has accelerated from 1.5 per cent in 1952 to about 2.4 per cent today if their own statistics to be believed).

5. Mao's target only to catch up with UK production in next 15 years. But unwise to underestimate CC long term potential as Stalin reported to have done.

C. Most acute immediate problem facing Khrushchev is meeting demands of Soviet people.

1. Mass education is stimulating yearning for a fuller

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life. Trend of giving more to Soviet consumer has already started.

2. Soviet leadership is already wrestling with problem of reconciling a greater measure of freedom for the people with stern line of Communist doctrine and discipline.

D. Evolutionary change in Soviet society is inevitable. Impossible to predict into precisely what pattern it will evolve.

1. Revolutionary zeal may die out. Totalitarian philosophy itself may be rejected by succeeding generations of Russians.

2. Long-run possibilities of this happening, however, no reason for present complacency on our part. Communism has not lost its aggressiveness, or given up its basic objective of world domination.

X. How do these developments and policies affect Free World.

A. Europe

Quite seriously

1. Nuclear stalemate - basically want capacity for more independent action - own Nuclear and rocket weapons system.

Has caused revaluation of NATO, more threat than protection?

2. Disarmament propaganda - had considerable effect on Socialist parties, persons afraid of fallout, those concerned with proportion of gross national product going to military instead of consumption.

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3. Afro-Asian Crisis - produced virulent nationalism especially in France to lesser extent in UK (but socialists generally oppose) Spain, low countries - strains NATO. Equally important, European economy dependence on middle eastern oil.

4. US recession - Eu wants to recover level of trade, Soviet trade made more attractive.

B. Latin America

Basically concerned with continuing social-economic revolution. Traditional ruling group -aristocracy and military - under attacks from new urban-industrial classes. Consequently:

1. US recession has effect on current political situation o.f. Venezuela and Chile.

2. This makes Soviet Econ offensive more attractive.

3. Growing picture of SU as model and political champion of progress becomes more serious.

4. Communist are threat basically become of discipline and organization. Can take advantage of opportunities.

C. Asia-Africa - Mr. Dillion will be speaking of these areas more extensively. However net effect of recent activities is that probable choice for most of the new nations concerned with economic development is between Pro-Communist and neutralist attitude.

1. In Middle East events in 57 make US regarded with great suspicion.

a. Israel-Suez-Turkish Syrian crisis.

b. Prime adjective is nationalistic.

c. West not SU seen as imperialistic.

2. Africa

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a. Nationalism of new and emerging states could cause problems similar to those in Middle East. Depends in part on how European metropolises handle formation of the state.

b. Concerns are detribalization, transportation, market economics, urbanization, industrialization and freedom of action.

c. Communism not considered menace locally.

d. Will be dependent on foreign economic assistance and will turn to any available source.

e. Will have complex problems in which small but disciplined local Communist Party could often be important factor.

f. Have received continuing moral support for USSR and Egypt for more extreme positions.

3. Asia

a. Communist China is display. New countries closely watch progress of CCUS India in economic development. CC is leading. Problems and ambitions much same as Africa.

b. US is perhaps better position in much of Asia - new states sometimes remember US essential to gaining of freedom and establishment of state.

c. Some have Communist parties which have engendered organized Communist activities.

d. Unresolved problem of Korea, Taiwan, Vietnam continuing source of irritants.

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e. "Atomic stalemate" not yet a serious problem here except in Japan.

XI. In sum, we are in a race with the USSR the nature and full magnitude of which we only now appreciate.

It is a race in which we can no longer afford comfortable illusion of our vastly superior power potential.

It is a race under awesome umbrella of hydrogen weapons and advanced delivery systems, which so long as mutual deterrence is maintained, makes the risk of general and perhaps even local war seem too high to either side.

As a result it is a contest in which diplomatic maneuver, trade and aid, propaganda, subversive operations are primary modes of conflict, against backdrop of military threat.

New generation of Soviet leaders have shown skill and flexibility in this arena of so-called "peaceful competition." They are confident that forces of history are on their side and they will win in time. It would be foolish to deny they have some reason for their confidence, as I have sought to demonstrate today. We shall probably have more losses in next few years. At the same time their own system is evolving in ways they may eventually be unable to control. While we face a prolonged cold war, we and our allies have vast resources. Whether we mobilize and use these resources properly will rest with you gentlemen here today not only on government. To total challenge must in turn be total response.